

Message Text

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43

ACTION ARA-10

INFO OCT-01 ISO-00 ARAE-00 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 AID-05 PC-01 TRSE-00 EB-07 COME-00 OMB-01

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P R 171337Z AUG 76

FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC PRIORITY 6761

INFO AMEMBASSY SANTIAGO

AMEMBASSY CARACAS

AMEMBASSY LA PAZ

AMEMBASSY QUITO

AMEMBASSY LIMA

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EO: 11652: N/A

TAGS: ECIN EARL CO BL VE CI PE EC

SUBJ: ANDEAN PACT MEETING

REF: BOGOTA 8305, BOGOTA 8253

1. AFTER TWO DAYS OF MINISTERIAL LEVEL TALKS IN BOYACA, COLOMBIA, ANDEAN REPRESENTATIVE REACHED AGREEMENT ON MODIFICATIONS TO DECISION 24 AND ON CHANGES TO THE MINIMUM EXTERNAL TARIFF. THE JOINT DECLARATION ISSUED AFTER THE MEETING, CALLED THE DECLARATION OF BOYACA, IS BEING CONSIDERED NON-NEGOTIABLE. WHILE COLOMBIAN OFFICIALS ADMIT THAT THEY DO NOT KNOW WHAT THEY WILL DO IF CHILE DOES NOT FIND THE POSITIONS SUFFICIENTLY LIBERAL, THE BOYACA DECLARATION IS NOT, ACCORDING TO THE COLOMBIANS, A NEGOTIATING STANCE, BUT A FINAL POSITION ARRIVED AT AFTER HARD NEGOTIATIONS THAT STRETCHED MEMBER COUNTRY POSITIONS TO THE LIMIT.

2. THE PRIMARY MODIFICATION TO DECISION 24 RAISES THE REMITTANCE

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LIMIT ON FOREIGN INVESTMENT FROM 14 PERCENT TO 20 PERCENT BUT ANY

COUNTRY MAY MODIFY THIS LIMIT INDEFINATELY UPWARD IF NECESSARY. THUS A REMITTANCE LIMIT WAS MAINTAINED, PRIMARILY AT PERU'S INSISTENCE, BUT THE PROVISION HAS BEEN MADE SO FLEXIBLE THAT THE COLOMBIANS WERE CONFIDENT THAT IT WOULD MEET CHILE'S NEEDS. THE LIMIT ON AUTOMATIC REINVESTMENT OF PROFITS WAS RAISED FROM FIVE TO SEVEN PERCENT. NONE OF THE COUNTRIES, HOWEVER, WAS WILLING TO CHANGE THE BASIC PROVISIONS GOVERNING THE FORMATION OF MIXED COMPANIES WHICH IS NECESSARY TO ENJOY THE EXPANDED MARKET. INVESTMENTS FROM ANDEAN COUNTRIES WILL BE CONSIDERED NATIONAL AND INVESTMENT FROM THE MAJOR MULTILATERAL ORGANIZATIONS WILL BE CONSIDERED NEUTRAL. THERE WAS TALK OF TREATING INVESTMENT FROM NON-ANDEAN LATIN AMERICAN COUNTRIES DIFFERENTLY FROM FOREIGN INVESTMENT, SOMETHING BETWEEN FOREIGN INVESTMENT AND ANDEAN INVESTMENT, BUT NO FORMULAE WERE AGREED TO AND COLOMBIAN OFFICIALS SEE THIS ISSUE AS VERY DIFFICULT. THE COLOMBIANS WERE PLEASED WITH THE MEETINGS AND EXPRESS THE BELIEF THAT DECISION 24 WAS MODIFIED AS MUCH AS IT COULD OR SHOULD BE. THE PERUVIAN REPRESENTATIVE WAS APPARENTLY TOUGH ON THE ISSUE, NOT WANTING THE MEMBERS TO GO SO FAR IN THEIR LIBERALIZATION.

3. SPECIFIC AGREEMENT WAS REACHED IN DOWNWARD ADJUSTMENT OF THE MINIMUM EXTERNAL TARIFF. MINIMUMS CURRENTLY SET AT 120 PERCENT WILL HAVE A NEW MINIMUM OF 60 PERCENT. NINETY PERCENT MINIMUMS WERE REDUCED TO 50 PERCENT AND 60 TO 35 PERCENT, ETC. MINIMUMS OF 15 PERCENT OR BELOW WILL BE REDUCED NO FURTHER. WHILE THESE NEW MINIMUMS DO NOT MEET CHILE'S DESIRES, THE COLOMBIANS BELIEVED THAT THE ADJUSTMENTS WERE SIGNIFICANT AND PROBABLY GO AS FAR AS IS PRESENTLY POSSIBLE.

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